



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

8.7.17

DECEMBER 5, 2024

EFFECTIVE DATE

(12-05-2024)

PURPOSE

- (1) This document transmits revised IRM 8.7.17, Technical and Procedural Guidelines, Appeals Remittance Procedures.

MATERIAL CHANGES

- (1) Added paragraph (5) to IRM 8.7.17.1.6 to provide reference to IRM 25.30.2, Service Level Agreement between the IRS Independent Office of Appeals and the Taxpayer Advocate Service.
- (2) Added paragraph (6) to IRM 8.7.17.1.6 to include information on the Taxpayer Bill of Rights content based on guidance from the Division Counsel/Associate Chief Counsel (National Taxpayer Advocate Program) and Branch 3 of the Associate Chief Counsel (Procedure and Administration).
- (3) Updated references throughout the IRM.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 8.7.17, Appeals Remittance Procedures, dated February 1, 2021.

AUDIENCE

IRS Independent Office of Appeals

Patrick E. McGuire
Acting Director, Case and Operations Support

8.7.17

Appeals Remittance Procedures

Table of Contents

8.7.17.1 Program Scope and Objectives

8.7.17.1.1 Background

8.7.17.1.2 Authority

8.7.17.1.3 Responsibilities

8.7.17.1.4 Program Reports

8.7.17.1.5 Terms and Acronyms

8.7.17.1.6 Related Resources

8.7.17.2 The Appeals Technical Employee's Responsibilities

8.7.17.3 Forms 3244–A and 3244

8.7.17.3.1 Preparing Forms 3244-A and 3244

8.7.17.4 Preparing Remittance Packages for Mailing

8.7.17.5 Advance Payments and IRC 6603 Deposits

8.7.17.5.1 Determining Whether Remittance is a Payment or IRC 6603 Deposit

8.7.17.5.2 Cash Bond Converted to IRC 6603 Deposit

8.7.17.5.3 IRC 6603 Deposits Received Prior to Issuance of Notice of Deficiency

8.7.17.5.4 Request for Return of a Deposit Made Under IRC 6603

8.7.17.5.5 Procedure for Assessing Advanced Remittances

8.7.17.5.6 Deposit Made Under Rev. Proc. 1984-58 (Cash Bond) or IRC 6603 Deposit Applied as Payment

8.7.17.6 Application of Undesignated Remittances

8.7.17.7 Interest

8.7.17.8 Remittances After Case Is Closed

8.7.17.9 Payments Intended for Lockboxes

8.7.17.10 Processing Time-Value-of-Money Remittances

8.7.17.1
(04-11-2019)
Program Scope and Objectives

- (1) *Purpose:* This IRM section provides information on processing remittances received by the IRS Independent Office of Appeals (Appeals). Specifically, this section:
 - a. Describes the Appeals Technical Employee's (ATE) responsibilities upon receipt of a remittance
 - b. Provides the time frames for processing remittances
 - c. Describes the steps to identify the type of remittance, prepare processing forms, and ship payments to Submission Processing Centers
 - d. Explains how remittances are applied in certain situations
 - e. Identifies circumstances that require different procedures and includes links to IRM subsections containing those procedures
 - f. Recommends resources, including websites, Internal Revenue Code (IRC) Section references, a Revenue Procedure, and other IRM sections
- (2) *Audience:* Appeals employees that handle remittances, including ATEs and Appeals employees that assist the ATE in preparing remittances for processing and shipment, such as Case Processors
- (3) *Policy Owner:* Director, Case and Operations Support
- (4) *Program Owner:* Director, Policy, Planning, Quality, and Analysis
- (5) *Contact Information:* Appeals employees should follow established procedures on *How to Contact an Analyst*. Other employees should contact the Product Content Owner shown on the Product Catalog Information page for this IRM Section.

8.7.17.1.1
(02-01-2021)
Background

- (1) Appeals' mission is to resolve Federal tax controversies without litigation on a basis which is fair and impartial to both the Government and the taxpayer, promotes a consistent application and interpretation of, and voluntary compliance with, the Federal tax laws, and enhances public confidence in the integrity and efficiency of the Internal Revenue Service. See IRC 7803(e)(3) , Purposes and Duties of Office. Appeals accomplishes this mission by considering protested and Tax Court cases and negotiating settlements in a manner which ensures Appeals employees act in accord with the Taxpayer Bill of Rights (TBOR) in every interaction with taxpayers. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights, Pub 5170, Taxpayer Bill of Rights, and IRM 8.1.1.1, Accomplishing the Appeals Mission.
- (2) IRM 3.8.47.2, Remittance Policy, provides IRS-wide policy on processing remittances received in IRS field offices. The IRS is committed to a **24 hour deposit standard** that applies to all remittances collected. The standard is for remittances collected in field offices to be processed on the day of receipt or by the next business day. See IRM 3.8.47.2.2, 24 Hour Deposit Standard, and IRM 3.8.47.3, Cash Management Responsibilities.
- (3) ATEs should solicit payment upon reaching a conclusion in a case. See IRM 8.2.1.9 (8), Reaching a Conclusion in the Case. Upon receipt of any payment, the ATE must follow the procedures in this IRM Section to ensure timely deposit and proper identification and posting of the payment.

8.7.17.1.2
(04-11-2019)
Authority

- (1) IRC 7809, Deposit of Collections, provides a general rule for daily depositing of taxes and revenues received under the instructions of the Secretary. IRM 3.8, Deposit Activity, contains instructions for remitting payments to the appropriate IRS location for deposits to be made within 24 hours of IRS' receipt.
- (2) IRC 6603, Deposits Made to Suspend Running of Interest on Potential Underpayments, etc., allows a taxpayer to designate remittances as "deposits". Unique provisions apply to these deposits as discussed in IRM 8.7.17.6, Application of Undesignated Remittances.
- (3) Rev. Proc. 2005-18 provides procedures for taxpayers to make, withdraw, or identify deposits to suspend the running of interest on potential underpayments.

8.7.17.1.3
(04-11-2019)
Responsibilities

- (1) The Director, Case and Operations Support, is the executive responsible for Appeals' policy and procedural guidance.
- (2) The Director, Policy, Planning, Quality, and Analysis (PPQA) is the program manager responsible for program oversight.
- (3) The assigned Policy analyst shown on the IRM Product Catalog Information page as "Content POC"(Point of Contact) is responsible for the content and updates to this IRM Section.

8.7.17.1.4
(04-11-2019)
Program Reports

- (1) PPQA provides trend and data analyses and detailed summary reports for Appeals, as needed.

8.7.17.1.5
(02-01-2021)
Terms and Acronyms

- (1) See Exhibit 8.1.1-1, Common Terms Used in Appeals, for common terms and definitions used in IRM Part 8. Terms listed in this exhibit are not included in this section.
- (2) This table lists commonly used terms and acronyms and their definitions:

Acronym	Definition
ATE	Appeals Technical Employee
DPC	Designated Payment Code
MFT	Master File Tax Account Code - required for each transaction to identify the specific account module to which a transaction is posted
OIC	Offer in Compromise
TC	Transaction Code
Time-Value-of-Money (TVM) Resolution	In lieu of changing a taxpayer's method of accounting, an Appeals Officer or IRS Counsel may resolve an accounting method issue by agreeing that the taxpayer will pay the government a "specified amount" that approximates the time-value-of- money benefit the taxpayer derived from using its method of accounting for the taxable years before Appeals or a federal court, reduced by an appropriate factor to reflect the hazards of litigation.

- (3) This table lists terms commonly used for describing remittances and their definitions:

Term	Definition
Advance payment	Remittance that is not designated as a deposit and is received prior to an anticipated deficiency not yet assessed
Deposit	Remittance designated as a deposit pursuant to IRC 6603
Designated Remittance	Remittance designated as a deposit pursuant to IRC 6603 or payment (e.g., amounts designated to multiple periods or liability types)
Payment of Tax	Remittance that is not designated as a deposit (could be an advance payment or subsequent payment)
Subsequent payment	Remittance that is received after the tax is assessed
Undesignated Remittance	Remittance that is not designated as a deposit and/or that lacks instructions how to apply it (e.g., where multiple periods or liability types are involved)

8.7.17.1.6
(12-05-2024)

Related Resources

- (1) This IRM is the primary source of guidance on remittances received in Appeals. A primary companion to this IRM Section is IRM 3.8.47.2, Remittance Policy.
- (2) The following IRM sections identify unique circumstances that require different procedures:

IRM Section	Description
IRM 3.8.45.7.29	Single Remittances of 50 Million Dollars or More
IRM 3.8.47.11.4	Post-Dated Checks
IRM 3.8.47.15	Voluntary Disclosure Practice
IRM 3.8.47.16	Frivolous Checks
IRM 3.8.47.18	Erroneous Refund Repayment
IRM 3.10.72.5.5.1	Large Dollar Remits
IRM 8.23.1.5.1.1	Processing OIC Payments
IRM 21.1.7.9.17	Unacceptable Payments
IRM 21.1.7.9.17.2	Incomplete Checks
IRM 21.1.7.9.30	Department of Justice/Criminal Restitution Program Payments
IRM 25.15.8.7.1.1	Application of Payments from NRS

- (3) The Electronic Federal Tax Payment System (EFTPS) processes electronic remittances listed in IRM 3.17.277.2.4, EFTPS Payment Methods. Remittances through EFTPS are not subject to the procedures in this IRM Section.
- (4) Additional resources and job aids include:
 - Document 6209, IRS Processing Codes and Information
 - Exhibit 21.1.7-5, Designated Payment Code (DPC)

- Servicewide Electronic Research Program (SERP) - See the **Who/Where** tab for “Appeals Field Office Remittance Processing Address”

- (5) In accordance with IRM 25.30.2.3, Statement of Commitment, Appeals will work collaboratively with the Taxpayer Advocate Service (TAS) to enhance the taxpayer experience. For more information, see IRM 25.30.2, Service Level Agreement between the IRS Independent Office of Appeals and the Taxpayer Advocate Service.
- (6) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see <https://www.irs.gov/taxpayer-bill-of-rights>.

8.7.17.2 (02-01-2021)

The Appeals Technical Employee's Responsibilities

- (1) The Appeals Technical Employee (ATE) will encourage the taxpayer to pay the total tax, penalty and interest due on agreed deficiency cases. This will reduce the taxpayer's overall cost. Because Appeals does not have a teller function, cash payments cannot be accepted. Taxpayers who want to pay in cash need to convert the cash into a postal money order, bank cashier's check, money order or some other negotiable instrument. If the taxpayer is unable to pay the deficiency in full, discuss alternatives such as installment agreements or offers-in-compromise.
- (2) Except on criminal investigation or prosecution cases described in paragraph (3) below, do not hold remittances longer than the first workday following receipt. Prepare Form 3244-A, Payment Posting Voucher - Examination, or Form 3244, Payment Posting Voucher. Depending upon local procedures, forward payment and payment posting voucher to the person responsible for submitting payment to Submission Processing. See IRM 8.7.17.3.1, Preparing Forms 3244-A and 3244. Advise the taxpayer of the action taken.

Reminder: Per IRM 1.4.28.12, Timely Processing of Remittances, ATMs must ensure that procedures are in place for the timely processing of remittances.

- (3) A successful criminal investigation or prosecution may be imperiled by the receipt and disposition of advance payments on a case with criminal fraud implications. Prior to processing the payment, consult with Counsel on an expedited basis. Appeals will not notify the taxpayer of the receipt or disposition of the remittances. When processing, note “Fraud Case” in the “Remarks” section of Form 3244-A or Form 3244.
- (4) When an advance payment is received after agreement is tentatively reached, but before review and approval of the determination, a new agreement form reflecting receipt of the payment is not necessary.
- (5) Use Form 5402, Appeals Transmittal and Case Memorandum, to identify information pertaining to remittances on cases in Appeals. See IRM 8.6.2.3.3, Using Form 5402 as an Alert. If Form 5402 is prepared before receipt of the payment, revise it to reflect the receipt and process the remittance. The following are situations that should be annotated on Form 5402:

- a. Remittances received while the case is in Appeals

- b. Information pertaining to remittances identified by the taxpayer but not found on the transcript of account
- c. Whether it is a “*designated or undesignated*” remittance, whether it is treated as a “*payment or IRC 6603 deposit*”, amount of remittance, and tax and period to which the remittance applies.
- d. For IRC 6603 deposits, identify the disputable tax, date of the statement explaining the disputable tax or the presence of a copy of the 30-day letter received by the IRS with the designation (date stamped)

Note: Without this information, Account Processing and Support (APS) cannot identify the deposits that qualify for overpayment interest at the Federal short-term rate under IRC 6603(d)(4). See IRM 8.7.17.7 (4), Overpayment Interest.

- (6) For nondocketed cases, do not assess the liability for “advance payments” made after the issuance of the notice of deficiency unless specifically requested. See IRM 8.7.17.5, Advance Payments and IRC 6603 Deposits. An assessment will not deprive the taxpayer who files a petition of Tax Court jurisdiction. However, the assessment is usually not made until the case is closed, unless there is a large deficiency.
- (7) The procedure in docketed cases generally is the same as in nondocketed cases. In a docketed case, assessment may not be made until the Tax Court decision becomes final. See IRC 6213(a), Time for Filing Petition and Restriction on Assessment. Assessment may be made at any time upon a specific request from Counsel or from the taxpayer after a docketed case is closed.
- (8) If it is determined that a remittance was made to a Compliance office or Campus on an Appeals case, whether before or during Appeals consideration, and no evidence of the remittance is contained in the file, contact the office who received the remittance to determine its disposition.

8.7.17.3
(04-11-2019)
Forms 3244–A and 3244

- (1) When Appeals receives a remittance, an ATE will prepare Form 3244-A, Payment Posting Voucher-Examination, or Form 3244, Payment Posting Voucher. The ATE can use either form. However, Form 3244-A must be used if the ATE has determined the remittance is a deposit. Complete a separate Form 3244-A or Form 3244 for each tax period and/or type of tax. Generate two copies of each payment posting voucher. See IRM 8.7.17.3.1, Preparing Forms 3244-A and 3244, for instructions on preparing the payment posting voucher.
- (2) The ATE **must** determine whether the remittance is a “payment” or “deposit”. See IRM 8.7.17.5.1, Determining Whether Remittance is a Payment or IRC 6603 Deposit.

8.7.17.3.1
(02-01-2021)
Preparing Forms 3244-A and 3244

- (1) Ensure the “Transaction Received Date” on Form 3244-A or 3244 reflects the correct date the payment was received. Submission Processing Centers will credit customers for the earliest “Official IRS Received Date”. If an error is discovered in the “Transaction Received Date” after the payment has been processed, request a change in payment dates on Form 2424, Account Adjustment Voucher. See IRM 3.17.21.4.3, Form 2424 (DRT24).

Note: The Form 2424 must be reviewed and approved by the manager.

- (2) Complete these entries on Form 3244-A or Form 3244:
- SSN/EIN - see **Note** below
 - Form number/MFT
 - Tax Period
 - Plan/Report Number (if applicable)
 - Transaction/Received date
 - Taxpayer's full name and address
 - Transaction data, including:
 - Remittance amount(s) allocated to specific transaction code(s) - see IRM 8.7.17.3.1 (3)
 - Total remittance amount
 - DPC - see IRM 8.7.17.3.1 (5)
 - Remarks (as needed) - see IRM 8.7.17.3.1 (6)
 - Prepared by—name of the employee preparing the document and the Appeals Office Code (AOC). For AOCs, see Section 13.2 (Appeals Codes) of Document 6209, IRS Processing Codes and Information.

Note: If applicable, include in the SSN/EIN field a file source such as the following:

- **N** for Non-Master File
- **V** for Form 706
- ***** for invalid SSN
- **W** for invalid Form 706 TIN
- **P** for IRA account

- (3) **Transaction Codes** - Following are conditions for entering remittance amounts on the payment posting voucher next to Transaction Code (TC) 640, TC 670, and/or TC 680:

If the remittance is	Then enter dollar amount opposite
to pay tax, penalty, and/or interest before assessment,	TC 640
to pay tax, penalty, and/or interest after assessment,	TC 670
applied against interest [see IRM 8.7.17.3.1 (4)]	TC 680

Note: See IRM 8.7.17.5.3 (2) for additional information on a remittance treated as a deposit for non-docketed deficiency case.

Note: For time-value-of-money remittances, do not use any of the transaction codes listed above. See IRM 8.7.17.10, Processing Time-Value-of-Money Remittances.

- (4) The request to designate all or part of the remittance to “interest” is honored if one of the following conditions is met:
- The taxpayer agrees to assessment by executing a waiver of restrictions; or

- b. The taxpayer pays the underlying tax with respect to the amount to be designated as interest and the amount designated does not exceed the amount of interest that has accrued on the tax being paid. See IRM 20.2.5.2.1.1, Allocation of Payments.
 - (5) **Designated Payment Codes** - See Section 11 of Document 6209, IRS Processing Codes and Information, for detailed information. Per this guidance, the use of a DPC on all posting vouchers is mandatory with certain Transaction Codes (TCs), including TC 640, 670, and 680. Enter a DPC to the right of the TC on the payment posting voucher. DPCs are two-digit codes used to:
 - a. Facilitate identification of payments designated to trust fund or non-trust fund employment taxes. DPCs are input with payments for the following liabilities:
 - Form 941, Employer's Quarterly Federal Tax Return (MFT 01)
 - Form 720, Quarterly Federal Excise Tax Return (MFT 03)
 - Form CT-1, Employer's Annual Railroad Retirement Tax Return (MFT 09)
 - Form 943, Employer's Annual Tax Return for Agricultural Employees (MFT 11)
 - Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons (MFT 12)
 - b. Indicate application of a payment to a specific liability when the civil penalty contains both a Trust Fund Recovery Penalty (TFRP) and any other type of civil penalty. In these cases, they are input to MFT 55 only.
 - c. Identify the event which resulted in a payment.

Note: For DPCs and their definitions, see:

 - Document 6209 - Section 11.10, Designated Payment Codes (DPC); or
 - Exhibit 21.1.7-5, Designated Payment Code (DPC)
 - (6) **Remarks** - Include the appropriate instructions based on the circumstances, as indicated below:
 - a. Include payment information (i.e., check or money order number, check date)
 - b. Instructions for processing 6603 deposit on Form 3244-A (see IRM 8.7.17.5.1)
 - Check the **6603** box
 - Check the **316(C)** box - *check only if directing the Campus to mail to the taxpayer Letter 316-C, Payment in Advance of Exam Assessment.*

Note: See IRM 21.5.3.4.16.9, Receipt of Deposits. When necessary, include additional instructions about the selectable language for Letter 316-C.
 - c. For time-value-of-money-remittances, see IRM 8.7.17.10, Processing Time-Value-of-Money Remittances.
 - (7) Special procedures apply for OIC payments. See IRM 8.23.1.5.1.1, Processing OIC Payments.

8.7.17.4
(02-01-2021)
**Preparing Remittance
Packages for Mailing**

- (1) Appeals employees will send all remittances via overnight service to Kansas City Submission Processing Center. However, an Appeals office located in the same building as a Submission Processing Center can continue to hand carry remittances for processing to the Field Office Payment Processing Unit to save overnight mailing costs.
- (2) When mailing remittances to the Kansas City Submission Processing Center, address remittance packages as follows:

Outside Envelope Label	Inside Label
Internal Revenue Service Attn: Stop 7777 333 W. Pershing Road Kansas City, MO 64108 Note: Envelope should not indicate that a remittance is included.	Internal Revenue Service Attn: Stop 7777 333 W. Pershing Road Kansas City, MO 64108 Attention: Operations Manager Receipt and Control Note: Submission Processing recommends that "LARGE" be annotated on envelopes containing a single remittance of \$100,000 or more or if the aggregate total of remittances is \$100,000 or more.

Note: For large dollar remittances of \$100,000 or more, also send an email to the following Outlook email address: ***CTR KC field Office Teller Team** to notify the team that a large dollar remittance is being sent for processing. Include the package tracker number in the email. However, do not include taxpayer PII, or SBU information in the email.

- (3) For the most current information and/or Submission Processing contact persons, visit the following web pages:
 - a. Taxpayer Services > CAS > Submission Processing > Standard Procedures & Aids > Field Office Payment Processing > Appeals for *Field Office Payment Processing - Appeals*, or
 - b. Servicewide Electronic Research Program (SERP) - See Who/Where tab for *Appeals Field Office Remittance Processing Address*.
- (4) Include a completed Form 3244, Payment Posting Voucher, or Form 3244-A, Payment Posting Voucher - Examination, to ensure proper crediting of taxpayer accounts.
- (5) Send remittances and payment posting vouchers by an overnight traceable method with an approved carrier. Regular mail or other delivery methods that do not provide "overnight and tracking" service are not acceptable.
- (6) Attach a completed Form 3210, Document Transmittal, that includes the following:

- a. Detailed list of items sent, including the dollar amount of each check
- b. “**APPEALS MAIL REMITTANCE(S) RECEIVED mm/dd/yyyy**” entered in the remarks section
- c. Sender’s name
- d. Sender’s return address
- e. Sender’s telephone number
- f. Sender’s EEFax or fax number

Note: If the remittance and payment posting voucher are hand carried to the remittance processing function, they will date a copy of Form 3244–A or Form 3244.

- (7) Attach copy of payment posting voucher to the tax return or substitute document and retain it in the administrative file. Appeals will retain a signed copy of Form 3210 on all payments sent to the remittance processing function.
- (8) Sending offices must establish a control to ensure delivery of tax receipts during transit, and follow-up timely. The control must include amounts of taxpayer receipts, listed separately, and taxpayer identification numbers that are correlated to the package tracer information.

8.7.17.5 (04-11-2019) Advance Payments and IRC 6603 Deposits

- (1) The Appeals Technical Employee (ATE) must determine whether a remittance is a **deposit** or a **payment of tax**. Both types of remittances will be posted to a taxpayer’s account as of the date of receipt, and both will stop the running of interest on a deficiency from the date the remittance is received. See IRM 8.7.17.5.1, Determining Whether Remittance is a Payment or IRC 6603 Deposit.
- (2) Per IRC 6603, a taxpayer may make a cash deposit with IRS which can be used to pay any income, estate, gift, or excise tax (under Chapter 41, 42, 43, or 44) that has not been assessed at the time of the deposit. Deposits are potential payments towards potential underpayments. To the extent that the deposit is **used by IRS to pay tax**, for purposes of IRC 6601 (relating to interest on underpayments), the tax should be treated as paid when the deposit is made.
- (3) Rev. Proc. 2005-18 refers to remittances designated as deposits as “designated remittances” and remittances that are not designated as deposits as “undesignated remittances”.
- (4) After determining the remittance is a **payment of tax** (not a deposit), the ATE must then determine if the payment is an **advance payment on a deficiency** (i.e., before the tax assessment) or **subsequent payment** (i.e., after the tax assessment). **Advance payments** are defined as **payments**, not IRC 6603 deposits, that are intended for application to anticipated, pending, or proposed deficiencies or additional assessments.
- (5) Prepare Form 3244-A, Payment Posting Voucher - Examination, for processing “advance payments” and “IRC 6603 deposits”. See IRM 8.7.17.3.1, Preparing Forms 3244-A and 3244.

Note: For subsequent payments (i.e., payments after liability assessment), prepare Form 3244-A or Form 3244, Payment Posting Voucher.

8.7.17.5.1
(02-01-2021)
**Determining Whether
Remittance is a Payment
or IRC 6603 Deposit**

- (1) Per IRC 6603, Deposits Made to Suspend Running of Interest on Potential Underpayments, a taxpayer may make a **cash deposit** with the Secretary with respect to a tax that has not been assessed at the time of the deposit. Rev. Proc. 2005-18, 2005-13 IRB 798, provides guidance on IRC 6603. For a remittance to be treated as an IRC 6603 deposit, the remittance must be accompanied by a written statement designating it as an IRC 6603 deposit. The statement must identify the:
 - a. Type(s) of tax,
 - b. Tax period(s), and
 - c. Amount and basis for the disputable tax (enclosing the 30-day letter is sufficient).
- (2) Per IRC 6603(d)(2), the term “disputable tax” means the amount of tax specified at the time of the deposit as the taxpayer’s reasonable estimate of the maximum amount of any tax attributable to “disputable items”. In the case of a taxpayer who has been issued a 30-day letter, the maximum amount of the “disputable tax” shall not be less than the amount of the proposed deficiency specified in such letter. The term “30-day letter” means the first letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in Appeals.

Note: For more information and the definition of the term “disputable item”, see Section 7.02 of Rev. Proc. 2005-18 and IRC 6603(d)(2).

- (3) If a taxpayer fails to identify the “amount” and “nature” of the disputable tax **in writing** or provide a copy of the 30-day letter at the time of the deposit, the payment of interest will not be allowed if the deposit is later withdrawn by the taxpayer unless the taxpayer subsequently provides the IRS a written statement identifying and describing the amount of the disputable tax. Interest will be allowed on the deposit under IRC 6603(d)(2) as of the date on which the amount and nature of the disputable tax is identified. See IRM 8.7.17.7, Interest.
- (4) Correspondence that includes such statements as the following is sufficient to designate the remittance as a deposit:
 - “Pursuant to IRC 6603”
 - “Rev. Proc. 2005-18”

8.7.17.5.2
(09-28-2016)
**Cash Bond Converted to
IRC 6603 Deposit**

- (1) Section 5 of Rev. Proc. 2005-18 contains guidance on designating a deposit made under Rev. Proc. 84-58 as a deposit under IRC 6603. Cash bonds made on or before October 22, 2004, which were not converted to deposits by the written request of the taxpayer will continue being cash bonds and will not bear interest under IRC 6603(d). If a request to convert a cash bond following section 5.02 of Rev. Proc. 2005-18 is received, the cash bond will be converted to a deposit and bear interest as of the date the written request is received by the IRS. Otherwise, it will continue to be treated as a cash bond. The statement must include the:
 - a. Date(s) and amount(s) of the original deposit(s) in the nature of a cash bond;
 - b. Type(s) of tax to which the deposit in the nature of a cash bond was applied;
 - c. Tax year(s) to which the deposit in the nature of a cash bond was applied; and

- d. Amount and basis for the disputable tax (enclosing the 30-day letter is sufficient). See Section 7.02 of Rev. Proc. 2005-18 and IRC 6603(d)(2), Disputable Tax.

- (2) Rev. Proc. 2005-18 is effective as of March 28, 2005. Section 10 provides “transition rules” for deposits made after October 22, 2004, and before March 28, 2005.

Note: See IRM 20.2.4.8.2.4, Designating a Deposit Made Under Rev. Proc. 84-58 (Cash Bond) as a Deposit Under IRC 6603.

8.7.17.5.3 (02-01-2021) **IRC 6603 Deposits Received Prior to Issuance of Notice of Deficiency**

- (1) IRC 6603 deposits received prior to the issuance of a statutory notice of deficiency will be considered a payment of tax (to the extent of the determined deficiency, penalty, and interest) upon the expiration of the 90/150 days, unless the taxpayer has petitioned (before the 90 or 150-day period expires) the United States Tax Court to redetermine the deficiency and has requested in writing (before the 90 or 150-day period expires) that the IRS continue the treatment as a deposit.
 - a. If the taxpayer petitions the Tax Court but does not timely submit a written request to continue the treatment as a deposit before the 90 or 150-day period expires, the tax will be assessed subject to the restrictions imposed by IRC 6213 or after the Tax Court decision becomes final and the deposit will be applied as payment of tax. See section 4.02 of Rev. Proc. 2005-18.
- (2) In order to ensure a notice of deficiency is issued in appropriate cases, a pre-notice remittance treated as an IRC 6603 deposit must be posted with TC 640 (advanced payment on deficiency), blocking series 999 and DPC 12. This transaction code is used even though the remittance is a deposit, not an advance payment. See IRM 8.17.3.7.2, Identifying Deposits on Transcripts. Interest will continue to accrue on accrued interest. In order to stop the running of any further interest, a taxpayer must make a remittance sufficient to cover all accrued interest as of the date of remittance as well as the entire amount of the underlying tax and penalty (if applicable).

8.7.17.5.4 (09-28-2016) **Request for Return of a Deposit Made Under IRC 6603**

- (1) A taxpayer may request the return of all or part of a deposit at any time before the IRS has applied the deposit as a “payment of tax”. The deposit will be returned to the taxpayer upon receipt of a **written request**, unless collection of the tax is determined to be in jeopardy. For more information, see Section 6 of Rev. Proc. 2005-18. Also, see IRM 21.5.3.4.16.10.3, Honoring Request for Return of Deposits.

Note: A taxpayer cannot receive a refund of a **payment of tax** without following the claim for refund procedures. See IRC 6511, Limitations on Credit or Refund.

8.7.17.5.5 (10-24-2013) **Procedure for Assessing Advanced Remittances**

- (1) Advance payments made on processed returns are treated as credits, and additional steps must be taken to have the tax assessed. Ordinarily, if a nondocketed case is closed promptly and the advance payment is equal to or less than the proposed deficiency and interest, APS will assess the liability when they close the case. However, in all docketed cases and in nondocketed cases where closing will be delayed, or where the payment might exceed the

tax due, the liability will be assessed promptly. In such cases, the ATE will prepare instructions on the Form 5402 directing the assessment of the liability for the advance payment.

8.7.17.5.6
(09-28-2016)
**Deposit Made Under
Rev. Proc. 1984-58 (Cash
Bond) or IRC 6603
Deposit Applied as
Payment**

- (1) Once the taxpayer, who made a deposit, agrees to the full amount of the proposed deficiency, the liability is assessed. The deposit is applied against the assessed liability as a payment of tax as of the assessment date. See Section 4.02(1) of Rev. Proc. 2005-18.
- (2) A taxpayer can have any part of a deposit that exceeds the amount of tax liability applied against another assessed or unassessed liability. For example, the taxpayer under examination can request that a deposit made for one type of tax in one year be applied to another type of tax in another year. The request must be in writing and must be directed to the same office where the original deposit was made. When any excess deposit is moved, it will be considered a deposit as of the date it is moved. See Section 4.02(3) of Rev. Proc. 2005-18.

8.7.17.6
(02-01-2021)
**Application of
Undesignated
Remittances**

- (1) If the taxpayer has not signed an agreement form but has submitted a remittance without specifically addressing how to apply the remittance, the ATE must still process the payment within 24 hours. If necessary, the DPC can be changed at a later date by completing and forwarding Form 2424, Account Adjustment Voucher, to the address previously used for the remittance and payment posting voucher.
- (2) Undesignated (those not designated as a deposit) remittances are treated as **payments** and are applied by the IRS against any outstanding liabilities, unless one of the exceptions described in sections 4.04(1) and 4.05(3) of Rev. Proc. 2005-18 applies. Per Rev. Proc. 2002-26, the IRS will apply undesignated payments to periods in the order of priority that the IRS determines will serve its best interest. If a payment is not specifically designated, allocate the payment to the earliest unpaid and collectible liability owed and due as of the payment availability date, i.e., oldest open Collection Statute Expiration Date (CSED) in the order - tax, penalty, and interest. Also, see IRM 20.2.5.2.1, Application of Payments.
- (3) The undesignated remittance treated as a payment is considered when determining the existence of a deficiency and whether a notice of deficiency is required to be issued. See section 4.03 of Rev. Proc. 2005-18. An “undesignated remittance” made after the mailing of a notice of deficiency will be considered a payment of tax, will be posted to the taxpayer’s account as soon as possible, and will not deprive the Tax Court of jurisdiction over the deficiency

8.7.17.7
(09-28-2016)
Interest

- (1) Special rules apply for interest on cash bonds and IRC 6603 deposits. Per IRC 6603(a), a taxpayer may make a cash deposit with IRS which may be used to pay an income, estate, gift, or excise tax (under Chapter 41, 42, 43, or 44) which **has not been assessed** at the time of the deposit. For cash bonds, see IRM 20.2.4.8.1, Cash Bonds.
- (2) Except in a case where IRS determines that collection of tax is in jeopardy, IRS can return to the taxpayer any amount of the deposit (to the extent not used for payment of tax) which the taxpayer requests in writing. See IRC 6603(c), Return of Deposit. Deposits will be treated as used for the payment of

the tax in the order deposited [i.e., last-in, first-out (LIFO) basis], except as otherwise provided by the taxpayer. See IRC 6603(e), Use of Deposits.

(3) Underpayment Interest (IRC 6601)

IRC 6603 deposits will be posted to a taxpayer's account as of the date of receipt and will stop the running of interest on a deficiency from the date the remittance is received. Deposits are potential payments towards potential underpayments. The tax will be treated as paid on the date of deposit to the **extent the deposit is used** by IRS to pay the tax. See IRC 6603(b), No Interest Imposed.

(4) Overpayment Interest (IRC 6611)

A deposit which is returned to a taxpayer will be **treated** as a **payment of tax** for any period to the extent (and only to the extent) attributable to the **disputable tax** for such period. The overpayment interest will be the Federal short-term rate determined under IRC 6621(b) compounded daily. See IRC 6603(d), Payment of Interest. Rules similar to the rules of IRC 6611(b)(2), Refunds, will apply. For additional information, see the following in IRM 20.2.4, Overpayment Interest

IRM Section	Description
IRM 20.2.4.8	Special Rules
IRM 20.2.4.8.1	Cash Bonds
IRM 20.2.4.8.2	IRC 6603 Deposits
IRM 20.2.4.8.2.1	Identification and Rate of Interest for 6603 Deposits
IRM 20.2.4.8.2.2	Applying an Excess 6603 Deposit Against Another Liability

- (5) For additional information, see IRC 6603, Deposits Made to Suspend Running of Interest on Potential Underpayments, Etc..

8.7.17.8 (09-28-2016) Remittances After Case Is Closed

- (1) When a remittance is received after the case is closed, send it to Submission Processing in accordance with instructions in IRM 8.7.17.3.1, Preparing Forms 3244-A and 3244, and IRM 8.7.17.4, Preparing Remittance Packages for Mailing. Forward any IRS notices or other information furnished by the taxpayer with the payment to ensure credit to the proper account and acknowledge receipt. If the remittance represents a partial payment, inform the taxpayer where to make future payments. The transmittal letter to the taxpayer must include their name, type of tax and tax period.

8.7.17.9 (09-28-2016) Payments Intended for Lockboxes

- (1) A Lockbox is a non-IRS facility. Generally, it is a commercial bank that accepts and processes payments only from taxpayers or tax professionals for specific form types. This method of processing payments serves to accelerate the handling and deposit of funds received and forwarded to Treasury.
- (2) A Lockbox does not acknowledge Form 3210 or process Form 3244 or Form 3244-A. Payments sent directly to a Lockbox by an IRS office are generally forwarded to a Submission Processing center for processing, delaying the posting of the payment to the taxpayer's account. As a result, the taxpayer may incur penalty and interest that will later need to be corrected.

8.7.17.10
(02-01-2021)
**Processing
Time-Value-of-Money
Remittances**

- (3) Payments intended for Lockboxes that are received by Appeals should be processed as indicated in IRM 8.7.17.3.1, Preparing Forms 3244-A and 3244, and IRM 8.7.17.4, Preparing Remittance Packages for Mailing.
- (1) Rev. Proc. 2002-18, Section 6.02(4), authorizes Appeals or Counsel to resolve a “change in accounting method issue” by agreeing that the taxpayer will pay the government a “specified amount” that approximates the time-value-of-money (TVM) benefit the taxpayer has derived from using its method of accounting for the taxable years before Appeals or a federal court (instead of the method of accounting determined by Appeals or Counsel to be the proper method of accounting), reduced by an appropriate factor to reflect the hazards of litigation. If Appeals resolves this issue as a TVM resolution, the TVM resolution amount (i.e., the “specified amount”) is not assessed. The IRS will process receipt of the taxpayer’s TVM remittance as a “miscellaneous payment”, as described in the Internal Revenue Manual.
- (2) The IRS uses “General Ledger Account 6400 Miscellaneous Revenue Collections” to record miscellaneous collections that are not assessable on the taxpayer’s account. This general ledger account records monies/revenue collected for nine individual accounts within account 6400, one of which is “account 2320 - Miscellaneous receipts not attributable to fees or assessed tax, penalty and interest (20-3220).” See IRM 3.17.15.7.26, Account 6400 Miscellaneous Revenue Collections, and IRM 3.17.64.10.1.4, Account 6400 Miscellaneous Revenue Collections.
- (3) Upon Appeals’ receipt of a TVM remittance, the ATE will follow the general guidance in IRM 8.7.17.3.1, Preparing Forms 3422-A and 3244, except for the following:
 - a. Do not enter a dollar amount next to a transaction code.
 - b. Enter “**6400**” next to the “Other credit” and enter the remittance amount.
 - c. In the remarks section, enter the following special instructions:
 - TVM Specified Amount payment per Rev. Proc. 2002-18, Sec. 6.02(4)(b)(ii)(D)
 - Apply to account 6400
 - Specify Taxpayer Type - see IRM 8.7.17.10 (4) for details.
- (4) **Specify Taxpayer Type** - Section 6.02(4)(b)(ii)(D) of Rev. Proc. 2002-18, Processing of Specified amount, states that the transmittal memorandum should specify the type of taxpayer (LB&I, SBSE, Taxpayer Services) to which the payment pertains. For the “taxpayer type”, see the “BOD-CD” (Business Operational Division Code) on an ENMOD for the relevant tax period. See IRM 2.3.15, Command Code ENMOD, for additional information.